Executive summary PowerCo

Customer Churn Prediction: Insights and Recommendations

Situation:

- PowerCo is a major gas and electricity utility that supplies to corporate, SME (Small & Medium Enterprise), and residential customers.

Problem statement:

- The power-liberalization of the energy market in Europe has led to significant customer churn, especially in the SME segment.
- Around 10% of company's clients churn.
- The company hypothesize that the clients are churning is price sensitive trend.

Solution:

- SME division wants to develop a predictive model to predict which customer is likely to offer them a 20% discount to retain them.
- The Model is based on Random Forest algorithm with accuracy 90.7%, precision 80%, and recall 5.6%.

Benefits:

- This model will allow the company to predict around 5% of customers who are likely to churn to offer them a discount.